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WASHINGTON, D.C. 20006
202-785-4443

520 MADISON AVENUE
NEW YORK, NEW YORK 10022
212-688-6550

MAYER, BROWN & PLATT

231 SOUTH LASALLE STREET

CHICAGO, ILLINOIS 60604

TELEX 253760 CABLE LEMAY
312-782-0600

162 QUEEN VICTORIA STREET
LONDON EC4V 4BS, ENGLAND
01-248-1465

1625 BROADWAY
DENVER, COLORADO 80202
303-623-1330

October 20, 1982

13823
RECORDATION NO. 13823 Filed 10/27/82

2-300A200

Ms. Agatha L. Mergenovich
Secretary

Interstate Commerce Commission
12th & Constitution Avenue, NW
Washington, DC 20423

OCT 27 1982-3 PM

OCT 27 1982

50.00

U.S. DEPARTMENT OF COMMERCE
WASHINGTON, D.C.

Re: Equipment Security Agreement and Assignment of
Lease dated October 13, 1982 pertaining to
Equipment Lease Agreement dated as of September 1,
1982 between Neuberger & Berman Management, Inc.
and Chicago and North Western Transportation
Company, covering various railway equipment
as described on Schedule A attached to the
Equipment Lease Agreement, assigned recordation
no. 13812

Dear Ms. Mergenovich:

Pursuant to § 11303 (formerly § 20c) of the Interstate
Commerce Act, enclosed for recordation are counterparts of
the Equipment Security Agreement and Assignment of Lease
dated October 13, 1982 between Continental Illinois Leasing
Corporation and Neuberger & Berman Management, Inc.
pertaining to the above-mentioned Equipment Lease Agreement.

RECEIVED
OCT 21 2 51 PM '82
FFB OPERATIONS
U.S. DEPARTMENT OF COMMERCE

The names and addresses of the parties to the
transaction are as follows:

1. Continental Illinois Leasing Corporation
231 South LaSalle Street
Chicago, Illinois 60693
2. Neuberger & Berman Management, Inc.
342 Madison Avenue
16th Floor
New York, New York 10173
3. Chicago and North Western Transportation Co.
One North Western Center
165 North Canal Street
Chicago, Illinois 60606

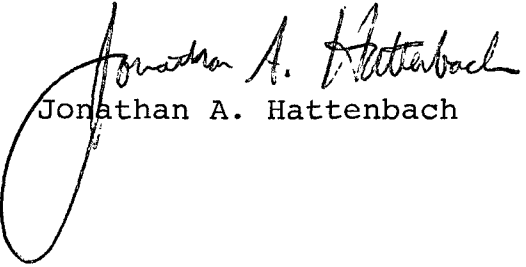
Ms. Agatha L. Mergenovich

-2-

October 20, 1982

Enclosed is our check for \$10.00 to cover your recording fee for this subfiling which should be subfile "A" to file # 13812. Keep one counterpart for your files and return the other counterpart showing your recordation data.

Very truly yours,


Jonathan A. Hattenbach

JAH:tm
Enclosure

(N)

13823
ASSOCIATION NO. FILED 1425

EQUIPMENT SECURITY AGREEMENT **OCT 27 1982-3 01 PM**
AND
ASSIGNMENT OF LEASE

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT, dated as of October 13, 1982, is between NEUBERGER & BERMAN MANAGEMENT, INC. (herein called the "Company"), and CONTINENTAL ILLINOIS LEASING CORPORATION ("Continental").

W I T N E S S E T H:

WHEREAS, it is contemplated that the Company will from time to time request loans (the "Continental Loans") from Continental pursuant to a Secured Term Loan Agreement of even date herewith between the Company and Continental (the "Loan Agreement") to enable the Company to pay for certain maintenance of way equipment described in Exhibit A (together with all additions, attachments, substitutions, replacements and improvements thereto, thereof and therefor, being herein collectively called the "Equipment"), the Company has purchased or is purchasing; and

WHEREAS, the Company and The Chicago and North Western Transportation Company (the "Lessee") have entered into an Equipment Lease Agreement dated as of October 13, 1982 (the "Lease") pursuant to which Lessee is leasing from the Company the Equipment, and the parties hereto have agreed that the Leases shall be assigned to Continental by the Company as further security for the payment of all of the Secured Obligations.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, for any loans hereafter made to the Company by Continental, and for other good and valuable consideration, the parties hereto agree as follows:

1. Certain Definitions. When used herein, the following terms shall have the following meanings:

"Note" shall mean the promissory note of the Company evidencing the loans by Continental to the Company made pursuant to the Loan Agreement.

"Secured Obligations" shall mean all obligations of the Company arising under the Loan Agreement and the Note and all obligations of the Company hereunder.

"Default" shall mean the occurrence of any Event of Default (as that term is defined in the Loan Agreement).

"Excluded Payments and Rights" shall mean any payments, rights or interests of either the Company or the Lessee under Section 28 of the Lease in respect of a Loss (as defined in the Lease) that accrues at any time when no Default has occurred which is continuing and is uncured (including, without limitation, rights to or in respect of any contest with respect thereto, regardless of whether the same shall occur before or after an uncured Default).

2. Grant of Security Interest and Assignment of Equipment Lease Agreement. The Company in consideration of the premises, the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, as security for the payment of the Secured Obligations has assigned, transferred, conveyed and set over, and by these presents does (i) mortgage, assign, transfer, convey and set over, to Continental, and grants to Continental a security interest in the Equipment, and all proceeds thereof, and, excepting in all instances Excluded Payments and Rights (ii) assigns to Continental as security the Lease and all of the Company's estate, right, title interest, claim and demand as lessor in, to and under the Lease, including all renewals or extensions of the term of the Lease, together with all rights, issues, profits, insurance proceeds, condemnation awards, and other payments (including, without limitation, amounts payable as Stipulated Loss Value as that term is defined in the Lease), tenders and security for or with respect to the Equipment or any component part thereof now or hereafter payable to or receivable by the Company as lessor under the Lease, and whether payable prior or subsequent to any of the respective maturity dates of the Continental Loans, and the right to make all advances, waivers and agreements, to require the Lessee to pay rent as provided in the Lease and to perform, in the name and on behalf of the Company, as agent and attorney-in-fact of the Company, with an interest, all necessary or appropriate acts with respect to any such payment, to give and receive duplicate copies of all notices and other instruments or communications, to take such action upon the occurrence of an Event of Default under the Lease and the declaration that the Lease is in default, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by such Lease or by law, and to do any and all other things whatsoever which the Company is or may be entitled to do under such Lease; provided, however, that notwithstanding anything to the contrary contained herein or in the Loan Agreement, unless the Company consents in writing, Continental shall, at any time when no Default has occurred which is continuing and is uncured have no right to modify, alter, waive or amend any provisions of the Lease.

3. Agreement as Collateral Security; Termination.

(a) This Agreement is executed to effect collateral security interests, and the execution and delivery hereof shall not in any way impair or diminish any obligation of the Company or the Lessee under the Lease, nor shall any such obligation be imposed upon Continental.

(b) Upon the release of any of the Equipment pursuant to this Agreement or upon the expiration of the term of the Lease with respect to such Equipment, this Agreement shall terminate pro tanto with respect to such Equipment, and upon such partial termination such Equipment and rights shall revert to the Company or to such person or persons as may be legally entitled thereto, provided, however, that if a Default has occurred which is continuing such termination and reversion shall not occur until such Default shall have been cured or waived. After such partial termination the provisions of this Agreement shall no longer be applicable to such Equipment and rights, and Continental shall at the request of the Company or such other person, and at the expense of the Company, deliver to the Company or such other person, a writing evidencing such partial termination.

(c) Upon the payment of the principal of and all interest and all other sums payable on the Continental Loans and of all other sums payable under the Loan Agreement, and the performance and observance of the provisions thereof and hereof, the security interests of Continental created hereby shall cease and terminate and all the estate, right, title, interest, claim and demand of the Company in and to Equipment and the Lease shall revert to the Company or to such person or persons as may be legally entitled thereto, and Continental shall at the request of the Company or any such person, and at the expense of the Company, deliver to the Company or any other such person an instrument cancelling and discharging this Agreement.

4. Company's Representations and Warranties. The Company hereby represents and warrants as follows:

(a) The Company is, or will be at the time each loan is made, the proceeds of which will be used to pay for any Equipment, the sole owner of full legal and equitable title to such Equipment;

(b) All Equipment is, or will be at the time the loan is made, the proceeds of which will be used to pay for such Equipment, free and clear of all mortgages, pledges, liens, security interests and other charges and encumbrances, except the security interests created

by this Agreement or other liens permitted by the terms of this Agreement, the Loan Agreement or Section 19 of the Lease;

(c) No Uniform Commercial Code Financing Statement naming the Company as debtor (other than financing statements relating hereto) covering any Equipment or the Lease is currently effective;

(d) The Lease is in effect and, to the best of the Company's knowledge, no Event of Default is continuing thereunder, and the Company has not executed any assignment of, or in any way affecting the subject matter of the assignment made hereby to Continental;

(e) The Company has full power and authority to execute this Agreement and to perform the Company's obligations hereunder, and to subject the Equipment and the Lease to the security interests of Continental hereunder;

(f) The execution and delivery of this Agreement, the performance by the Company of its obligations hereunder, and the incurrence by the Company of its Secured Obligations have been duly authorized by all necessary action of the Company, do not require the consent or approval of any governmental instrumentality and do not and will not conflict with any provision of law or of the charter or by-laws of the Company or of any agreement binding upon the Company; and

(g) This Agreement is the legal, valid and binding obligation of the Company, enforceable in accordance with its terms.

5. Company's Affirmative Covenants. So long as this Agreement shall remain in effect, the Company will:

(a) Defend its title to the Equipment owned or hereafter acquired by it against all persons and against all claims and demands whatsoever;

(b) Keep the Equipment in good repair and condition and in good working or running order;

(c) Comply with all laws, rules and regulations relating to, and promptly pay when due all license fees, registration fees, taxes, assessments and other charges which may be levied upon or assessed against, the ownership, operation, possession, maintenance or use of the Equipment; provided, however, that the

Company shall not be required to comply with any such law, rule or regulation, or to pay any such assessment or other charge, the validity of which is being contested by the Company in good faith by appropriate proceedings, so long as forfeiture of any part of the Equipment will not result from the failure of the Company to comply with any such law, rule or regulation, or to pay any such tax, assessment or other charge, during the period of such contest;

(d) Maintain or cause to be maintained insurance coverage in respect of the Equipment and their use as specified in Section 7.3 of the Loan Agreement, such insurance to name Lender as an insured party;

(e) Keep accurate and complete records with respect to the Equipment mortgaged hereby, and permit Continental or its representatives reasonable access at any time and from time to time to examine or cause to be examined the Company's records pertaining to the Equipment and to make abstracts therefrom or copies thereof, and permit Continental or its representatives at any time and from time to time to inspect the Equipment;

(f) Execute with Continental and, at its own expense, file and refile under the Uniform Commercial Code such financing statements, continuation statements and other documents in such offices as Continental may deem necessary or appropriate and wherever required or permitted by law in order to perfect and preserve Continental's security interest in the Equipment and the Lease hereunder, and the Company hereby authorizes Continental to file financing statements, continuation statements and amendments thereto relative to the Lease and all or any of the Equipment without the signature of the Company where permitted by law;

(g) Do such further acts and things, and execute and deliver to Continental such additional conveyances, assignments, agreements and instruments, as Continental may request in order to carry out the purposes of this Agreement or better to assure and confirm unto Continental its rights, powers and remedies hereunder.

6. Company's Negative Covenants. So long as this Agreement remains in effect, the Company will not:

(a) Create, incur, or assume any mortgage, deed of trust, pledge, lien, security interest or other charge or encumbrance of any nature upon or with respect

to any of the Equipment, except as provided in Section 6.4 of the Loan Agreement or as provided by Section 19 of the Lease; or

(b) Sell, transfer, lease or otherwise dispose of any of the Equipment, except that the Company may sell or otherwise dispose of from time to time any item of the Equipment which is promptly replaced with other equipment of substantially similar or greater usefulness and value or may sell the residual value of any equipment provided that any such sale shall provide that the rights of the purchaser are subordinate to those of Continental, and provided further that the documents effecting any such transfer shall, prior to their becoming effective, be approved in writing by Continental, which approval shall not be unreasonably withheld.

(c) except as required by the Loan Agreement or the Lease, enter into any agreement subordinating, amending, supplementing, otherwise modifying, hypothecating or terminating the Lease (or purporting so to do) without Continental's prior written consent thereto, and that any attempted subordination, amendment, supplement, other modification, hypothecation or termination without such consent shall be void unless so permitted or required. In the event that the Lease shall be amended, supplemented or otherwise modified as herein permitted, the Lease as so amended, supplemented or otherwise modified, shall continue to be subject to the provisions of this Agreement without the necessity of any further act by either of the parties hereto.

7. Rights Upon Default. If any Default shall have occurred and be continuing, Continental may, without demand or notice of any kind, declare the Note and all other Secured Obligations due and payable, and the Note and all Secured Obligations shall thereupon immediately become due and payable, and Continental may exercise in respect of the Equipment all of the rights and remedies available to a secured party upon default under the applicable sections of the Illinois or any other applicable Uniform Commercial Code, and, in addition thereto, the rights and remedies provided for herein and such other rights and remedies as may be provided by applicable law. In conjunction with, and in addition to, or substitution for, the foregoing rights and remedies, Continental may:

(a) Require the Company at its expense to assemble the Equipment and make it available to Continental within 30 days at a place, to be designated by Continental, which is reasonably convenient to both parties;

(b) Enter upon any premises where the Equipment or any part thereof may then be, and take possession of all or any part thereof; and Continental may, without being responsible for loss or damage, hold, store, keep idle, use, lease, operate or otherwise use or permit the use of the same or any part thereof for such time and upon such terms as Continental may deem to be commercially reasonable, and may demand, collect, and retain all hire, earnings, and all other sums due and to become due in respect of the same from any person whomsoever accounting only for net earnings, if any, arising from such use after charging against all receipts from the use of the same or from the sale thereof, by court proceedings or pursuant to paragraph (c) next following or otherwise, all costs, and expenses of, and damages or losses by reason of, such use and/or sale; or

(c) Enter and take possession of any part or all of the Equipment at any time, wherever the same may be, with or without process of law and without being responsible for loss or damage, render all or part of the Equipment unusable, and sell or dispose of all or any part of the same, free from any and all claims of the Company or of any other party claiming by, through, or under the Company, at law or in equity, at one or more public or private sales in such place or places, at such time or times, and upon such terms as Continental may fix, with or without advertisement of any such sale or other disposal; or

(d) Sell or otherwise dispose of the Company's right, title and interest in and to the Equipment, and, if the Lease is then in effect and if no Event of Default has occurred thereunder which is continuing, subject to the rights of the Lessee under the Lease and the Lessee's right of quiet enjoyment.

Unless the Equipment in Continental's possession threatens to decline speedily in value or is of a type customarily sold on a recognized market, Continental shall give the Company reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other intended disposition thereof is to be made. The requirement of reasonable notice shall be met if notice of the sale or other intended disposition is mailed at least ten (10) days prior to the time of such sale or other intended disposition, by first class mail, postage prepaid, to the Company at its address provided on the signature page hereto, or at such other address as the Company may by written notice received by Continental designate as the appropriate

address for purposes of notice hereunder. Upon any sale of the Equipment or any interest therein by Continental hereunder (whether by virtue of the power of sale herein granted, pursuant to judicial process or otherwise), the receipt of Continental or the officer making the sale shall be a sufficient discharge to the purchaser or purchasers (if other than Continental) of the Equipment so sold and such purchaser or purchasers (if other than Continental) shall not be obligated to see to the application of any part of the purchase money paid over to Continental or such officer or be answerable in any way for the misapplication or nonapplication thereof. Continental may be a purchaser of the Equipment or any part thereof at any sale thereof, whether pursuant to foreclosure or power of sale or otherwise hereunder, and may apply upon the purchase price the indebtedness secured hereby owing to Continental.

Notwithstanding anything provided above in this Section 7, but provided that no Event of Default under the Lease has occurred which is continuing, Continental's rights hereunder shall be subject to Lessee's right of quiet enjoyment under the Lease, and shall also be subject, in the event of a Lease Event of Default, to the Company's rights to cure Lease Events of Default for which Section 10.1.3 of the Loan Agreement provides.

8. Application of Proceeds of Disposition. All proceeds resulting from the exercise of any remedies with respect to any of the Equipment by Continental hereunder shall be applied as provided in Section 5.3 of the Loan Agreement.

9. Continental's Rights and Obligations. Continental shall have and be entitled to exercise all such powers hereunder as are specifically delegated to Continental by the terms hereof, together with such powers as are reasonably incidental thereto. Continental may execute any of its duties hereunder by or through agents or employees and shall be entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its duties hereunder.

Continental shall be deemed to have exercised reasonable care in the custody and preservation of any of the Equipment in its possession if it takes such action for that purpose as the Company reasonably requests in writing, but failure of Continental to comply with any such request shall not of itself be deemed a failure to exercise reasonable care.

If the Company shall fail to do any act or thing which it has covenanted to do hereunder or any representation or warranty shall be breached, Continental may (but shall not

be obligated to) do the same or cause it to be done or remedy any such breach and the Company shall pay to Continental the cost or expense incurred in taking any such action upon demand being made to the Company therefor and, if the Company shall not immediately reimburse Continental for such expense, the Company shall also be liable to Continental for interest at a rate per annum equal to 17% from and including the date the expense was incurred to the date of repayment.

10. Continental Designated Recipient; Notices. The Company hereby designates Continental recipient of, and hereby agrees to direct the Lessee to deliver or remit directly to Continental at 231 South LaSalle Street, Chicago, Illinois 60693, Attention: Vice President of Credit and Administration, or at such other address as Continental may from time to time designate, (i) copies of all notices and other instruments or communications required or permitted to be given or made by the Lessee pursuant to the Lease (it being understood that duplicate copies of such notices and other instruments or communications are also to be sent to the Company), and (ii) other than Excluded Payments and Rights, all rent, liquidated damages, insurance payments, condemnation awards, payments of Stipulated Loss Value and other payments, tenders and security now or hereafter due and payable to or receivable by the Company under the Lease, and the Company hereby agrees to send to Continental, by prepaid United States registered or certified mail, return receipt requested, copies of all notices and other instruments or communications required or permitted to be given by the Company under the Lease.

11. Irrevocability; Supplemental Instruments. Except with respect to Excluded Payments and Rights, the Company agrees that the assignment made hereby is irrevocable, and that the Company will not, while said assignment is in effect, accept any payment from the Lessee, attempt to settle or compromise or release any claim against the Lessee arising under the Lease, or attempt to submit or consent to the submission to arbitration of any dispute, difference or other matter arising under or in respect of the Lease or the foregoing instrument or attempt to take any action as lessor under the Lease or otherwise which is inconsistent with such assignment, or make any other assignment, designation or direction of the subject matter hereof, and that any such assignment, designation or direction shall be void. The Company will from time to time, upon request of Continental, execute all instruments of further assurance and all such supplemental instruments of further assurance as Continental may reasonably request.

12. General

(a) The Company hereby appoints Continental, with full power of substitution, the Company's attorney-in-fact for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument which Continental may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Company agrees that Continental shall have the right and authority to make claim for, receive and give acquittances for payment on account of loss under any insurance policy covering the Equipment; or any part thereof, and to receive, endorse and collect all checks, drafts and other orders for the payment of money representing the proceeds of such insurance.

(b) No failure on the part of Continental to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy by Continental preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

(c) This Agreement, and the terms, covenants and conditions hereof, shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Company shall not be permitted to assign this Agreement or any interest herein or in the Equipment or in the Lease, except as permitted by Section 6(b) of this Agreement, without the prior written consent of Continental.

(d) Neither this Agreement nor any provision hereof may be amended, modified, waived, discharged or terminated orally, nor may any of the Equipment be released or the pledge or the security interest created hereby extended or the assignment of the Lease terminated, except by an instrument in writing duly signed by or on behalf of Continental.

(e) In case any lien, security interest or other right of Continental shall be held to be invalid, illegal or unenforceable, such invalidity, illegality and/or unenforceability shall not affect any other lien, security interest or other right granted hereby.

(f) The validity, construction and enforceability of this Agreement shall be governed by the laws of the State of Illinois applicable to agreements executed in, and to be performed solely within, the State of Illinois.

(g) Any notice from Continental to the Company shall be in, or shall be confirmed promptly in, writing and, if by telegram, telex or telephone, shall be deemed to have been given when sent or communicated, and if mailed shall be deemed to have been given three days after the date when sent by registered or certified mail, postage prepaid, addressed to the Company either at the Company's address shown below its signature hereto or at such other address of the Company as may be delivered by the Company in writing to, and received by, Continental.

(h) Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(i) The rights and privileges of Continental shall inure to the benefit of its successors and assigns.

(j) In the event of a conflict between the terms and conditions hereof and the terms and conditions of the Loan Agreement, the terms and conditions of the Loan Agreement shall control including, without limitation, Section 5.3 (concerning the application of, inter alia, payments and proceeds received hereunder) and Section 12.10 (concerning the extent of recourse of, inter alia, the obligations hereunder).

State of Illinois,)
) SS:
County of Cook,)

On this 13th day of October, 1982, before me personally appeared Patrick G. O'Connell, to me personally known who, being by me duly sworn, says that he is a Vice President of Continental Illinois Leasing Corporation, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Ruth R. Hoke
Notary Public

[Notarial Seal]

My Commission expires:

~~My Commission Expires August 18th, 1985~~

STATE OF ILLINOIS,)
) SS:
COUNTY OF COOK,)

On this 13th day of October, 1982, before me personally appeared Bernard Stein, to me personally known, who, being by me duly sworn says that he is the President of NEUBERGER & BERMAN MANAGEMENT, INC., that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Ruth R. Hoke
Notary Public

[Notarial Seal]

My Commission expires:

~~My Commission Expires August 18th, 1985~~

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the date first above written.

NEUBERGER & BERMAN MANAGEMENT, INC.

Address:

342 Madison Avenue
16th Floor
New York, NY 10026

by Bernard Stern
BY PRESIDENT

CONTINENTAL ILLINOIS LEASING
CORPORATION

Patrick G. O'Connell
Vice President

Address:

By _____

231 South LaSalle Street
Chicago, Illinois 60693